

HB 4259 Fact Sheet
Obsolete Property Rehabilitation Act (OPRA) Amendment for Green Garage LLC
September 25, 2013

Request Summary

Requesting approval of HB 4259 by the House Tax Committee chaired by Rep. Jeff Farrington so it can be voted on by the State of Michigan House of Representatives and Senate.

HB4259 is a legislative amendment that specifically amends the current Obsolete Property Rehabilitation Act (OPRA) to allow the OPRA Certificate for the building at 4444 Second Ave., Detroit, MI, that is owned by The Green Garage LLC, to be approved by the State of Michigan Treasury Department. It has already been approved locally.

The OPRA Certificate was not approved by the State of Michigan Treasury Department because of work done before the OPRA District was established which violates a section of the legislation. The work was done in response to an assessment by a licensed structural engineer indicating a severe risk of the roof collapsing in cases of heavy snowfall. Our actions were what any prudent small business owner would do and what our insurance company required us to do once the condition became known.

MEDC, DEGC, City of Detroit and Midtown Detroit Inc. (CDC) have been and remain supporters of the Green Garage work and our pursuit of the OPRA exemption. The fact that work was performed prior to the establishment of the OPRA District was discussed openly by Green Garage leadership throughout the process.

The Green Garage has been recognized as an integral part of Detroit's revitalization because attracting and retaining start-up businesses is vital to it's mission and Detroit's future. The tax exemption that the Green Garage would realize through this amendment are essential to its ability to offer affordable work space rates to small businesses in its incubator.

Background Facts

The Green Garage

- Green Garage is a small, family run business incubator in Midtown Detroit.
- 4444 Second Ave (12,000 sf) vacant warehouse was a former Model T showroom and is on the National Register of Historic Places.
- Timeline:
 - January 2008 - Green Garage acquires vacant warehouse at 4444 Second Ave, Detroit, Michigan.
 - December 2009 - Work Permit received for roof structural work
 - April 2010 - City of Detroit assessor finds 4444 Second to be functionally obsolete.
 - June 2010 - OPRA District approved by City of Detroit
 - October 2010 - OPRA Certificate approved by City of Detroit
 - May 2011 - OPRA Certificate denied by State of Michigan - Treasury

Department.

- November 2011 - Green Garage receives Certificate of Occupancy
- Today - Green Garage is home to 40 start-up businesses
- Over \$1.5 million in private funds were invested to rehabilitate 4444 Second Ave.
- MEDC, DEGC and City of Detroit supported the project with Brownfield MBT Tax Credit for \$153,000.
- All State and local OPRA administration fees have been paid in full upfront by the Green Garage in anticipation of approval.
- When applying for the OPRA , we committed to bring 15 business with 20 entrepreneurs to Detroit. We now have 40 small businesses with over 70 entrepreneurs calling Green Garage their home and we are continuing to grow.
- The loss of the OPRA tax abatement would negatively impact 38 small businesses and 70 entrepreneurs in Detroit that are vital to it's future. Loss of the exemption would make property taxes increase 10 times. This would double the lease rates for the businesses, causing many to leave Detroit or cease operating.
- The innovative approaches of the Green Garage has been recognized locally, nationally and internationally by:
 - Crains Detroit ... one of the 10 most influential projects in Detroit over the next decade.
 - Detroit Free Press... selected a Michigan Green Leader
 - articles in Forbes, New York Times, London Guardian, Der Spiegel - Germany, Preservation Magazine by the National Trust.
 - coverage in numerous books on Detroit's resurgence; most recently in *Reimagining Detroit* by John Gallagher of the Detroit Free Press.
- The OPRA legislation has been amended in the past for similar reasons.